certificate funds on deposit in member banks of the Federal Reserve System. The American Government made a large profit out of this transaction. The interesting question was if the Philippine Government would be allowed a gain at the same ratio. The answer came in an Act initiated by United States Treasury officials and approved by the Congress which credited the Philippines with the profits resulting from the increased gold value of its deposits. In cold figures the Philippine Currency Refund Act credited the Philippine Government with 47,725,501 pesos and 56 centavos ($23,862,750.-78), but did not appropriate this amount. A companion Act of Congress authorized the United States Treasury to accept Philippine deposits and to pay a small interest thereon.

The creation of an independent Philippine currency to be controlled by a new central bank has been advocated. Some banks in Manila are against the idea as are likewise business interests. The Government of the Philippine Commonwealth will do well to think twice and thrice before tampering with its monetary system. Otherwise capital will flee the Philippines.

A BALANCED BUDGET

Profiting from past experience, the budget system was established in the Philippines before it was in the United States. A financial plan was annually prepared in the office of the Department of Finance by budgetary experts headed by an under-secretary. The proposed budget next passed the scrutiny of the Governor-General and the

Council of State.

The Governor-General submitted within ten days of the opening of the Legislature a budget of receipts and expenditures to be the basis of the general appropriation bill.

The practice in the Philippine Legislature was for the lower house to be the first to take up the budget. It heard the explanations offered by the Secretary of Finance or his representatives and called other officials into consultation. The